

Service Date: Jan. 25, 1993

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER of the Application)	
of GREAT FALLS GAS COMPANY for)	UTILITY DIVISION
Authorization to Implement an Area)	DOCKET NO. 92.10.59
Rate Program for Ulm.)	ORDER NO. 5687
_____)	

ORDER GRANTING AUTHORIZATION
TO IMPLEMENT AN AREA RATE PROGRAM FOR ULM

BACKGROUND

1. On October 14, 1992, Great Falls Gas Company (GFG) filed an application with the Montana Public Service Commission (Commission) for authorization to implement a second Area Rate Program (ARP). The Commission first approved GFG's ARP for residents of the Woodland Estates area in Great Falls in Docket No. 91.8.30, Order No. 5569 on September 23, 1991. This second ARP is for residents of Ulm who also had not been served by natural gas.

2. GFG filed a proposed tariff with the application which had a commodity charge of \$1.5457 per Mcf in addition to the customer base rate and three other surcharges allowed by the Commission for present GFG customers. The commodity charge is also referred to as an Area Expansion Program (AEP) charge. This AEP is higher than the \$.8625 per Mcf previously approved by the Commission for the Woodland Estates area.

3. On August 6, 1992, GFG held an informational meeting for residents of Ulm. GFG explained that the proposed AEP charge of \$1.5457 per Mcf would be an alternative to provide the requested plant additions without requiring an up-front contribution in aid of construction from the customers. GFG represented that the AEP charge would be collected for a term of seven years (or less if plant costs were recovered earlier) in order to recover construction costs plus interest. Once plant costs are recovered, the AEP charge will be eliminated and

customers in Ulm will then pay the general base rate for GFG customers.

FINDINGS OF FACT AND DISCUSSION

4. GFG proposes to extend natural gas service under the second Area Rate Program (ARP) to Ulm, Montana.

5. GFG has filed a proposed tariff for the Area Expansion Program (AEP) for Residential Service (RS), Small General Service (SGS) and Medium General Service (MGS) to Ulm, Montana. This AEP may be enlarged to include contiguous areas capable of being served from the newly constructed mains.

6. The proposed tariff establishes an AEP surcharge of \$1.5457 per Mcf for an area rate term of seven years. The proposed tariff further provides that the AEP charge may expire earlier if customers' costs of construction are fully recovered before the conclusion of the seven year term.

7. The Commission finds that the seven year term for the Ulm ARP shall begin February 1, 1993, and expire February 1, 2000, at which time the AEP charge will be removed if the tariff has not terminated prior to that date.

8. If construction costs are recovered before February 1, 2000, the Commission finds that the AEP charge will end. Any excess recovery should be proportionately refunded with interest (GFG's authorized overall rate of return at the time the AEP charge ends) to the customers within the AEP area, based on historical consumption during the previous twelve months.

9. GFG must file tariffs in accordance with the findings in this Order.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission is responsible for the supervision, regulation and control of public utilities pursuant to the provisions of Title 69. Section 69-3-102, MCA.

2. Great Falls Gas Company is a public utility subject to the Commission's jurisdiction. Section 69-3-101, MCA.

3. Great Falls Gas Company is required to file with the Commission tariffs showing all rates, tolls and charges and all rules affecting rates to be charged. Section 69-3-301, MCA.

4. The Area Rate Program (ARP) provides for a tariff for service in an area which was not previously served by Great Falls Gas Company. The AEP charge will allow gas main expansions in areas not otherwise economical to serve. The AEP is an optional method of financing contributions in aid of construction. The AEP will not affect present customers. When the costs of construction are recovered (less the portion of main extensions normally paid for by the Company), the AEP charge will be removed. The rates will then be the same as those for all other customers.

5. The Commission finds that the AEP charge of \$1.5457 per Mcf will be eliminated no later than February 1, 2000.

ORDER

WHEREFORE, the Commission issues the following order:

1. The Commission approves the Area Rate Program subject to the conditions discussed in the findings and conclusions.
2. Great Falls Gas Company shall file tariffs for the Area Expansion Program providing for an AEP charge of \$1.5457 per Mcf and a term of seven years for Ulm, Montana.

DONE AND DATED this 25th day of January, 1993, by a 4 - 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ANDERSON, Chairman
DAVE FISHER, Commissioner
NANCY McCAFFREE, Commissioner
DANNY OBERG, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.